(c) the number of applications received;

(d) the proposed period for issuing registration certificates; and

(e) the action proposed to be taken against the companies that have not got themselves registered?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) The RBI Act, 1934 as amended in 1997 provides that every non-banking financial company (NBFC) including residuary non-banking financial company (RNBFC) should make an application for registration within six months of the coming into force of the amendment. The period of six months expired on 9th July 1997.

(c) RBI have stated that they have received 37478 applications.

(d) The Act does not stipulate any period for completing the process of issuing registration certificates. RBI has already commenced the processing of the applications.

(e) All NBFCs which were in existence before 9th January, 1997 but have not applied for a Certificate of Registration from RBI on or before 8th July, 1997 are not permitted to carry on the business of NBFCs w.e.f. 9th July, 1997. Any such company which has applied for Certificate of Registration on or before 8th July, 1997 can carry on business until its application for registration is rajected by the RBI. Sub-section 4A of Section 58B of RBI Act inter-alia provides that the punishment for carrying on business without a certificate for registration shall be imprisonment for a term which shall not be less than one year but which may extend to five years and fine which shall not be less than Rs. 1 lakh but which may extend to Rs. 5 lakh.

Outdated Laws

498. SHRI JAYSINH CHAUHAN:

SHRI RATILAL KALIDAS VERMA:

Will the Minister of LAW AND JUSTICE be pleased to state:

(a) whether attention of the Government has been drawn to the news-item captioned "Outdated laws net the innocent, but let off corrupt officials" appearing in The Times of India dated May 19, 1997;

(b) if so, the reaction of the Government thereto; and

(c) the corrective steps proposed to be taken by the Government in this regard?

THE MINISTER OF STATE OF THE MINISTRY OF LAW AND JUSTICE (SHRI RAMAKANT D. KHALAP): (a) Yes, Sir.

(b) The news-item contains views and findings of its reporter.

(c) No corrective steps are proposed to be taken on the basis of the news-item.

[Translation]

Monetary Losses of Rural Banks

499. SHRI SANTOSH KUMAR GANGWAR: Will the Minister of FINANCE be pleased to state:

(a) the total monetary losses of rural banks operating in the country as on April 1, 1997; and

(b) the steps being taken to reduce the said losses?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) As per latest data available with National Bank for Agriculture & Rural Development (NABARD), the total accumulated losses of all Regional Rural Banks (RRBs) operating in the country amounted to Rs. 2176 crores (data provisional) as on 31st March, 1996.

A number of steps have been taken to strengthen RRBs and improve their viability which include, inter-alia, the following:-

(i) 136 RRBs have been provided with financial support to an extent of Rs. 573 crores by Government of India for comprehensive revamping.

(ii) With a view to widening the range and scope of their services RRBs have been, inter-alia, allowed to issue guarantees on behalf of their customers, install lockers, issue drafts and effect mail transfers. More discretionary powers have been given to them for purchase/ discounting of cheques/demand drafts.

(iii) RRBs have, subject to certain conditions, been allowed to relocate their loss-making branches to relatively better locations viz. commercial centres like market areas, village mandis, block and district headquarters and to redeploy concerned staff suitably.

(iv) RRBs have been advised to prepare bank specific development action plans to enable them to adopt a systematic approach for their turn-around.

(v) Reserve Bank of India (RBI) has provided RRBs access to profitable avenues for investment of their non-SLR surplus funds in listed and other schemes of Unit Trust of India (UTI), fixed deposits in profit making financial institutions, in bonds of nationalised banks and profit earning public sector institutions and in non-convertible debentures of reputed blue chip companies. Besides, the RRBs have been permitted by the RBI to deploy a part of their surplus non-SIR funds in the credit protfolio of their sponsor banks through non-risk sharing participation certificates to be issued by the latter.

(vi) Prudential accounting norms of income recognition and asset classification have been applied to RRBs in 1995-96. Provisioning norms have also been applied in a phased manner from 1996-97.